Get rich quick:

How to embezzle from a government agency!

The Marzieh Abedin Embezzlement Case Study

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Learning Objectives

- Enumerate why vendor fraud and embezzlement threaten our organizations.
- Identify methods used to commit financial fraud.
- Recognize the warning signs of embezzlement.
- Implement essential controls to mitigate embezzlement and vendor fraud at all levels of an organization.
- Demonstrate an understanding of the key principles and challenges associated with interviewing individuals involved in embezzlement cases.
- Identify common behavioral cues and red flags that may indicate potential embezzlement or deception during interviews.



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Summary

Marzieh’s organization gave her the authority to source and approve payments to third parties. But she was wise to the lax internal control environment. During the COVID epidemic, she quickly and adeptly stole identities and set up fake third parties to bilk the Oregon Health Authority of $1.5 million. She took advantage of her employer and ultimately defrauded the citizens of Oregon in order to line her own pockets.

The "Get Rich Quick" case study delves deeply into the subjects of embezzlement and vendor fraud, thoroughly examining why malevolent actors employing these schemes represent formidable perils to our organizations. The presentation underscores the significance of establishing and maintaining robust vendor management and due diligence procedures. Furthermore, it prioritizes the equipping of critical skills enabling them to discern red flags and indicators of embezzlement lurking within their organizational landscapes. Lastly, "Get Rich Quick" meticulously explores the fundamental principles and intricacies involved in interviewing individuals who are subjects of embezzlement suspicions, while also furnishing a foundational comprehension of the ethical considerations inherent to the interview process.

Pandemic Over

On May 5, 2023, the World Health Organization ended the global emergency status for COVID-19.

- Worldwide: 6.9MM people killed
- NE: 5,063 COVID deaths
- US: 43 federal agencies - $4.1T

- Elon Musk - $210B
- Apple - $3.03T
- Only 4 economies (by GDP) larger: US, China, Germany, and Japan

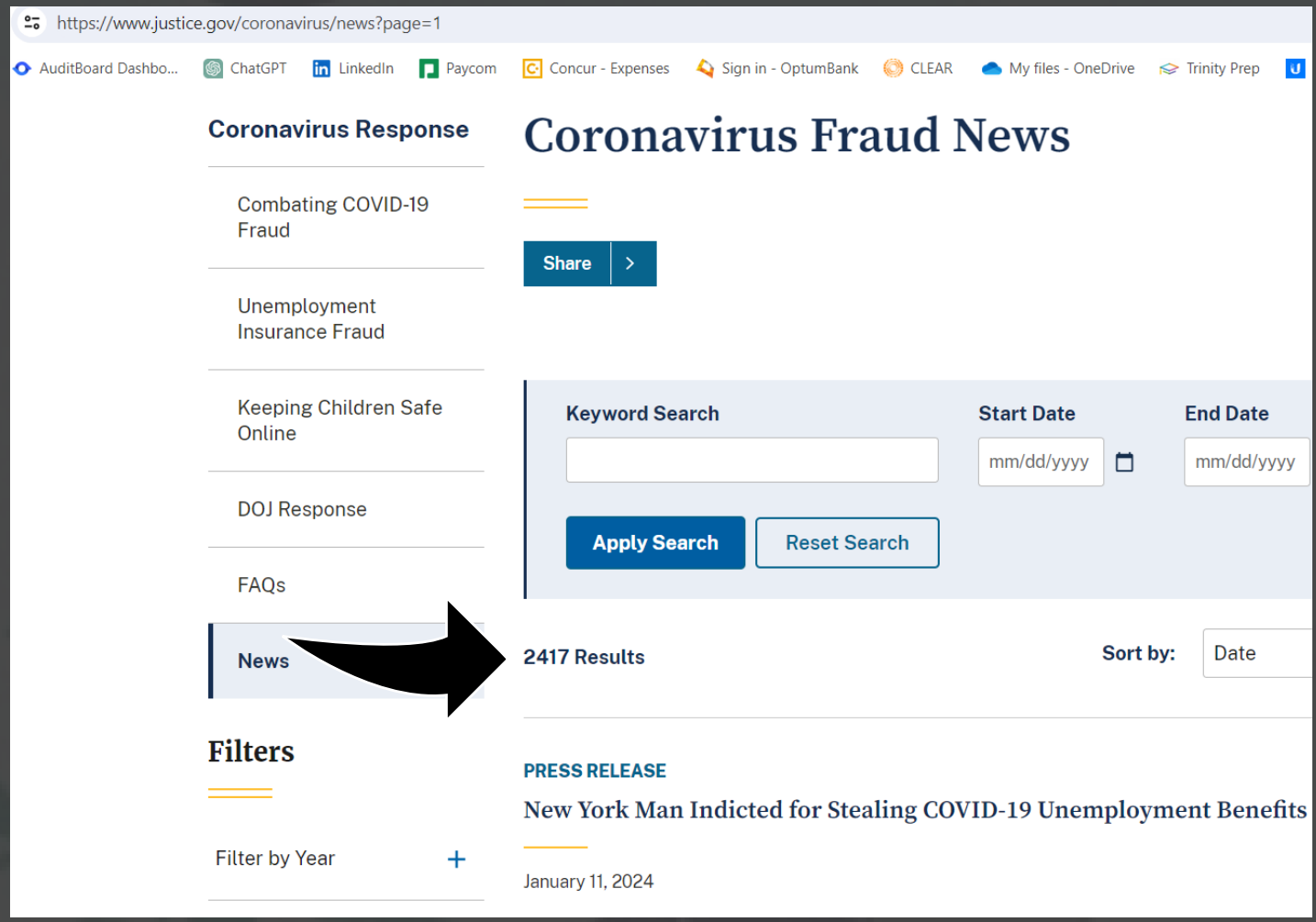
- If you placed 4.1 trillion dollar bills end to end, they would stretch approximately 397,316,919 miles. This distance is significant enough to reach from the Earth to the Moon and back over 830 times, given that the average distance from the Earth to the Moon is about 238,855 miles.



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Fraudemic

- 2/2024 - Lancaster County woman pleads guilty to COVID fraud scheme
- IRS - investigated 975 COVID-related fraud cases with alleged fraud totaling $3.2B
- US DOJ - Criminal Charges Brought Against Medical Professionals, Owners of Medical Businesses, and Others for a Variety of COVID-19 Fraud Schemes with False Billings Exceeding $490 Million



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Did the ACFE predict accurately?

Published December 2020

Today's case study includes these schemes.



COVID changed everything.

- Increased Online Activities: With lockdowns and social distancing measures in place, there was a significant surge in online activities. People increasingly shopped online, worked remotely, and used digital platforms for communication. **This shift expanded the attack surface for cybercriminals, providing more opportunities for phishing, scam websites, and online fraud.**

- Economic Relief Programs: Governments around the world launched substantial economic relief programs to support individuals and businesses affected by the pandemic. **The urgency to distribute funds quickly made these programs attractive targets for fraudsters, leading to numerous instances of fraudulent claims and identity theft.**

- Healthcare Fraud: The pandemic saw a rise in healthcare-related scams, including fraudulent sales of personal protective equipment (PPE), fake COVID-19 tests, vaccines, and treatments. **Scammers exploited public fear and uncertainty to sell counterfeit or non-existent medical products and services.**

- Phishing and Scams: There was a notable increase in phishing attacks and scams exploiting COVID-19 themes, such as emails and messages pretending to be from health organizations like the World Health Organization (WHO) or the Centers for Disease Control and Prevention (CDC). **These communications often aimed to steal personal information or distribute malware.**

- Remote Work Vulnerabilities: The rapid shift to remote work environments exposed vulnerabilities in corporate IT infrastructures. **Many organizations were unprepared for the security challenges of remote work, leading to increased risks of data breaches and cyberattacks.**



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Part I

Definitions

“To know, is to know that you know nothing. That is the meaning of true knowledge.”

— Socrates

What Fraud is *Not*

Mistake, Unintentional Error

Fraud involves deliberate deception and intentional misrepresentation. It is not a result of accidental or unknowing actions.

Legitimate Business Strategy

They are not considered acceptable or lawful business practices

Easy to Detect

Some fraud schemes are quite sophisticated and can be challenging to uncover.

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A Victimless Crime

Fraud typically involves harming and defrauding individuals, organizations, or the public.

One-Time Occurence

Fraud can be a single event, but it can also involve ongoing schemes or repeated actions aimed at deceiving and gaining an unfair advantage.

Industry Specific

Fraud can occur in various contexts, such as financial, insurance, online, identity-related, and more.

Committed by external parties

Fraud is committed by employees, managers, or even executives

Fraud Defined

You're first. Team up with someone sitting next to you. Write a one-sentence definition for the term FRAUD.

A knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment
— *Black's Law Dictionary*

Wrongful or criminal deception intended to result in financial or personal gain
— *Oxford Dictionary*

The intentional perversion of the truth for the purpose of inducing another person or other entity in reliance upon it to part with something of value or to surrender a legal right.
— FBI

Fraud is a deliberate and deceptive act or behavior carried out to gain an unfair or dishonest advantage, typically involving the misrepresentation or concealment of facts for personal or financial gain.
— *ChatGPT*



Why do we commit crimes?

Edwin Sutherland 1883-1950

- American sociologist
- Considered one of the most influential criminologist
- Taught at US universities
- Developed the theory of Differential Association (1924)
- Coined the phrase “white collar crime”; book – Principles of Criminology (1939)

He theorized:
“…crime is in fact not closely correlated with poverty or with the psychopathic and sociopathic conditions associated with poverty…[o]ne of these neglected areas **is the criminal behavior of business and professional men**..”



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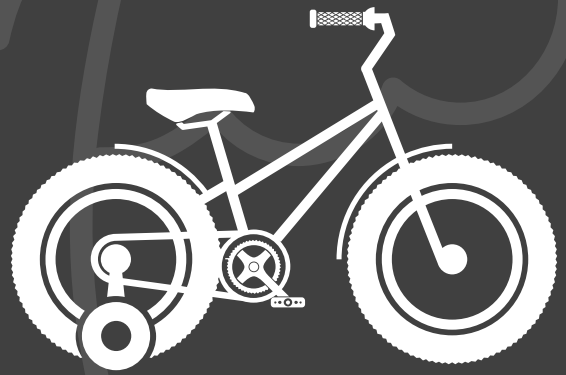
White-Collar Crime Family Tree

What is the theory in a nutshell? Criminal behavior is learned through social interactions and communication with others.

What are the key principles of Differential Association Theory?

1. Criminal behavior is learned

2. Learning occurs in interaction with others







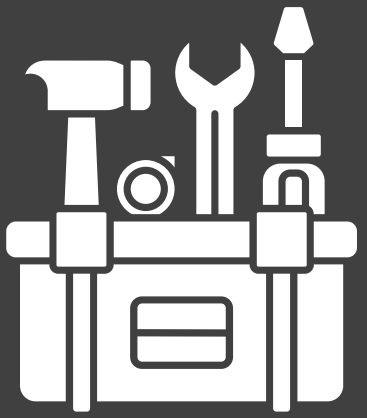
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Techniques and Motives Learned

What are the key principles of Differential Association Theory?

1. Criminal behavior is learned
2. Learning occurs in interaction with others
3. Learning Occurs in intimate personal groups
4. Individuals learn the techniques of committing a crime and the motives, drives, rationalizations, and attitudes necessary for the behavior.







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Definitions Favorable to Breaking the Law

5. The motivation to commit crime comes from whether we view legal codes as favorable or unfavorable.



6. A person becomes delinquent because of an excess of definitions favorable of breaking the law.



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Cressey and Geometry

Donald Cressey



01 **Pressure** *Heat*

Non-shareable problem

02 **Opportunity** *Oxygen*

Circumstances to allow it to occur

03 **Rationalization** *Fuel*

Appeal to higher loyalties; denial

It’s more than a triangle, Mr. Cressey.

01 **Pressure**

Non-shareable problem

Susan Irene Romero – Arizona – Sentenced in 2022 - Embezzled $2.2MM to help daughter’s struggling medical practice.

02 **Opportunity**

Circumstances to allow it to occur

Sheila Dixon – Maryland – Convicted in 2024 – Used her role to embezzled gift cards (from a real estate developer) meant for poor residents.

03 **Rationalization**

Appeal to higher loyalties; denial

Reverend David Rosenberg – Michigan – Convicted in 2024 - Embezzled and used funds for his own charitable foundation

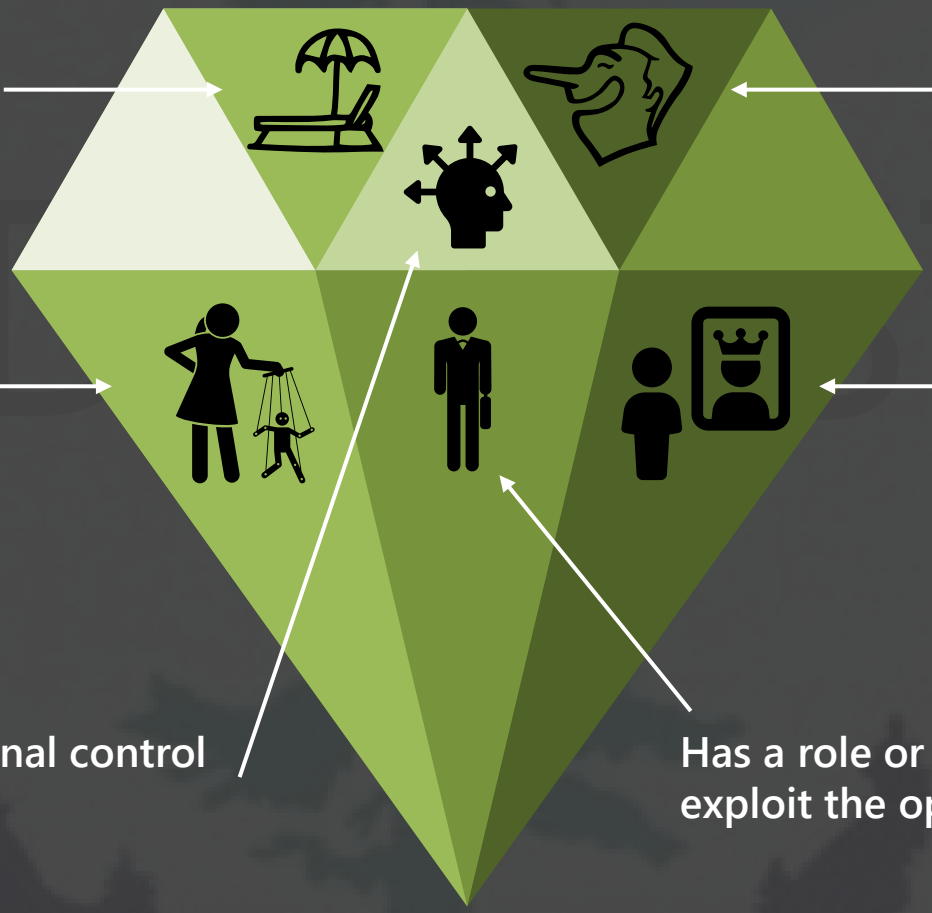


Diamonds are forever.

Dana R. Hermanson

David T. Wolfe

Capability



Deals well with stress

Lies effectively and consistently

Coerces others to commit

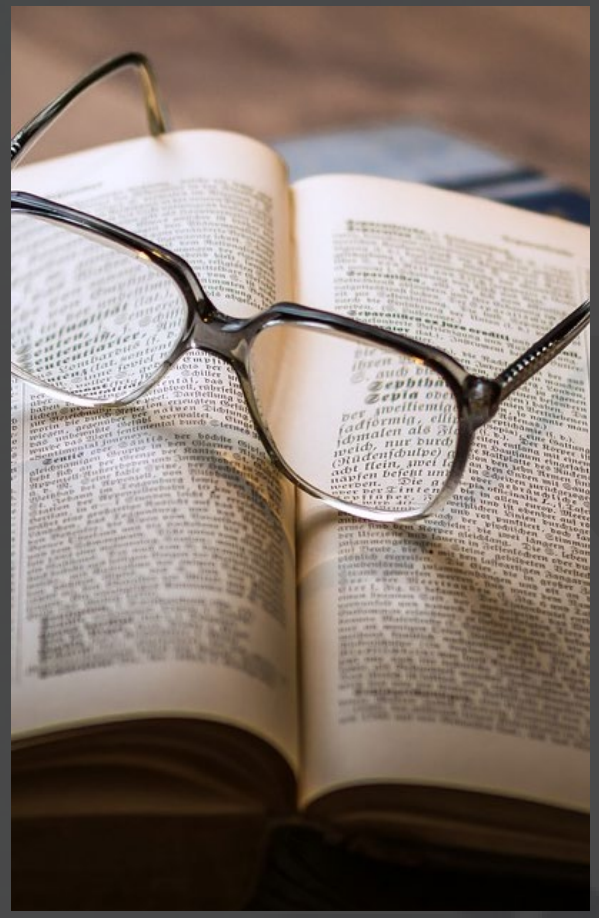
Has confidence / big ego

Able to exploit internal control weaknesses

Has a role or position that allows them to exploit the opportunity

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Do you know the difference?



Larceny



- Commonly Known As Theft
- Take Possession
- Without Consent

Embezzlement

- Narrow Definition
  - Larceny and Fraud
- Through a Person's Position
  - Granting Them Access



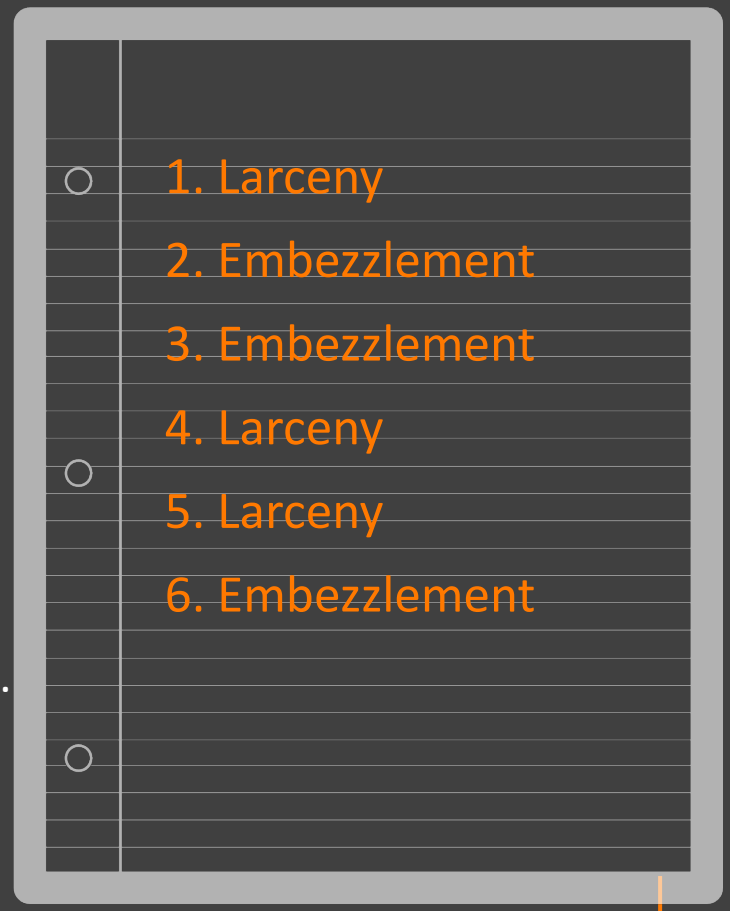
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Did you know? 33% of embezzlement perpetrators work in accounting or finance.

Let’s take a little quiz.

Embezzlement manifests itself in various forms. Can you tell the difference between larceny and embezzlement?

1. Taking a bicycle that is parked outside a bicycle shop.
2. Forging customers’ checks you’ve been asked to deposit.
3. A bank employee transfers client funds into their own account.
4. An employee at a bank has access to customer account information. The employee uses this information to withdraw money from a customer’s account at an ATM.
5. Stealthily removing a wallet from someone’s pocket in a crowded area.
6. A treasurer of a charity organization uses donated funds for personal vacations.



In what ways does embezzlement manifest?

Work with someone sitting next to you to describe an embezzlement scheme. In this scheme, what is embezzled? Who is the embezzler? What are some characteristics of this scheme?

Payroll Fraud

What is embezzled? Payments
Who is the embezzler? Payroll Manager
What are some characteristics? The Payroll Manager has permissions in the victim's payroll system allowing him to create non-existent employees.





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Embezzlement Takes On Many Forms



Time

-Falsified time records
-Inconsistent work patterns
-Insufficient supervision

Office Supplies

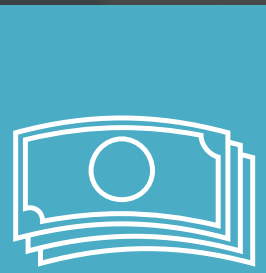
-Excessive personal use
-Unusual requests
-Inadequate record keeping



Merchandise

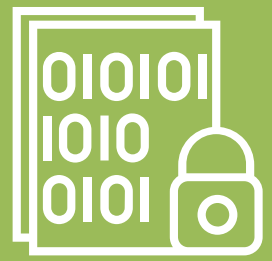
-Items "goes missing"
Discrepancies in inventory
-Difficult to detect





Cash

=Difficult to detect
-Sneak into someone's office



Data

-Steal then sell
-Employees access data outside scope of job responsibilities
-Occurs often when employee is leaving

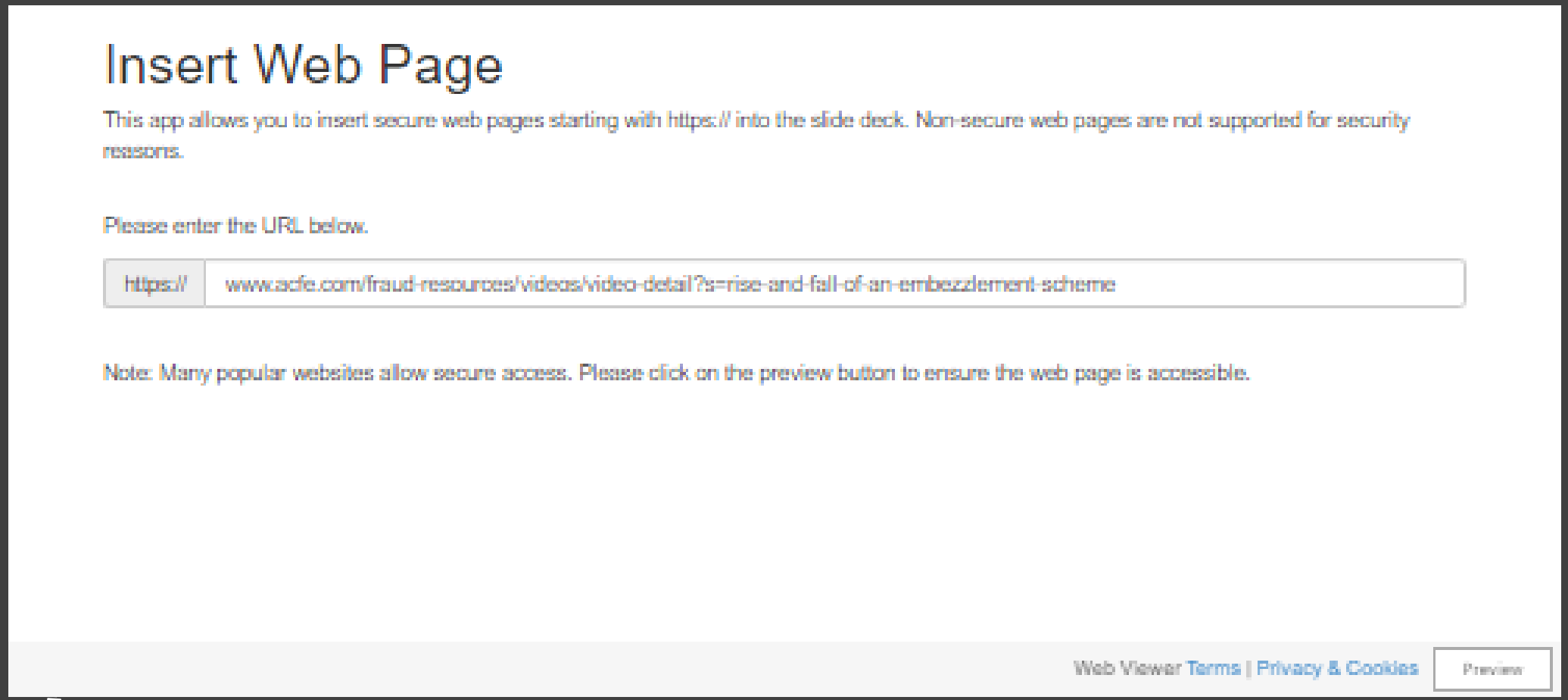
Financial

-Many forms
-Accounting or Mgmt position



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Capability Element: Nathan Meuller



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Part II

A Threat to Any Organizational

"There are some frauds so well conducted that it would be stupidity not to be deceived by them."

— Charles Caleb Colton (English Writer)

How To Identify an Embezzler



1. Embezzlers are often trusted employees: they are the first to arrive on Monday and the last to leave on Friday. Some are in positions of leadership.



2. Embezzlement may not start off with a big heist. Instead, embezzlers *tend* to take small amounts over a period. The miniscule amounts accelerate to larger gains as they begin to feel more comfortable with their actions. Lack of monitoring.

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Did you know? 8 years: The average period of time an embezzler has been working at the company they steal from.

Embezzlers lurk everywhere.

3. Their role opens the door to exploitation of their organization's control gaps and weaknesses. They are able to commit embezzlement due to complacency in accounting methods and improper or inadequate oversight of funds and assets.



- Sam Bankman-Fried, Founder & CEO of bankrupt FTX and Alameda Research (AR)
- Mid-2020 SBF asked FTX's chief engineer to create a "secret" backdoor; allowed AR to borrow FTX (clients) money w/o their permission
- 11/2/23 – Found guilty on seven charges including wire and securities fraud.
- 3/28/24 - sentenced to 25 years in prison

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Embezzlement is a serious threat to our organizations.



1. Embezzlers are often trusted employees: they are the first to arrive on Monday and the last to leave on Friday. Some are in positions of leadership.



2. Embezzlement may not start off with a big heist. Instead, embezzlers *tend* to take small amounts over a period. The miniscule amounts accelerate to larger gains as they begin to feel more comfortable with their actions.



3. Their role opens the door to exploitation of their organization's control gaps and weaknesses. They are able to commit embezzlement due to complacency in accounting methods and improper or inadequate oversight of funds and assets.

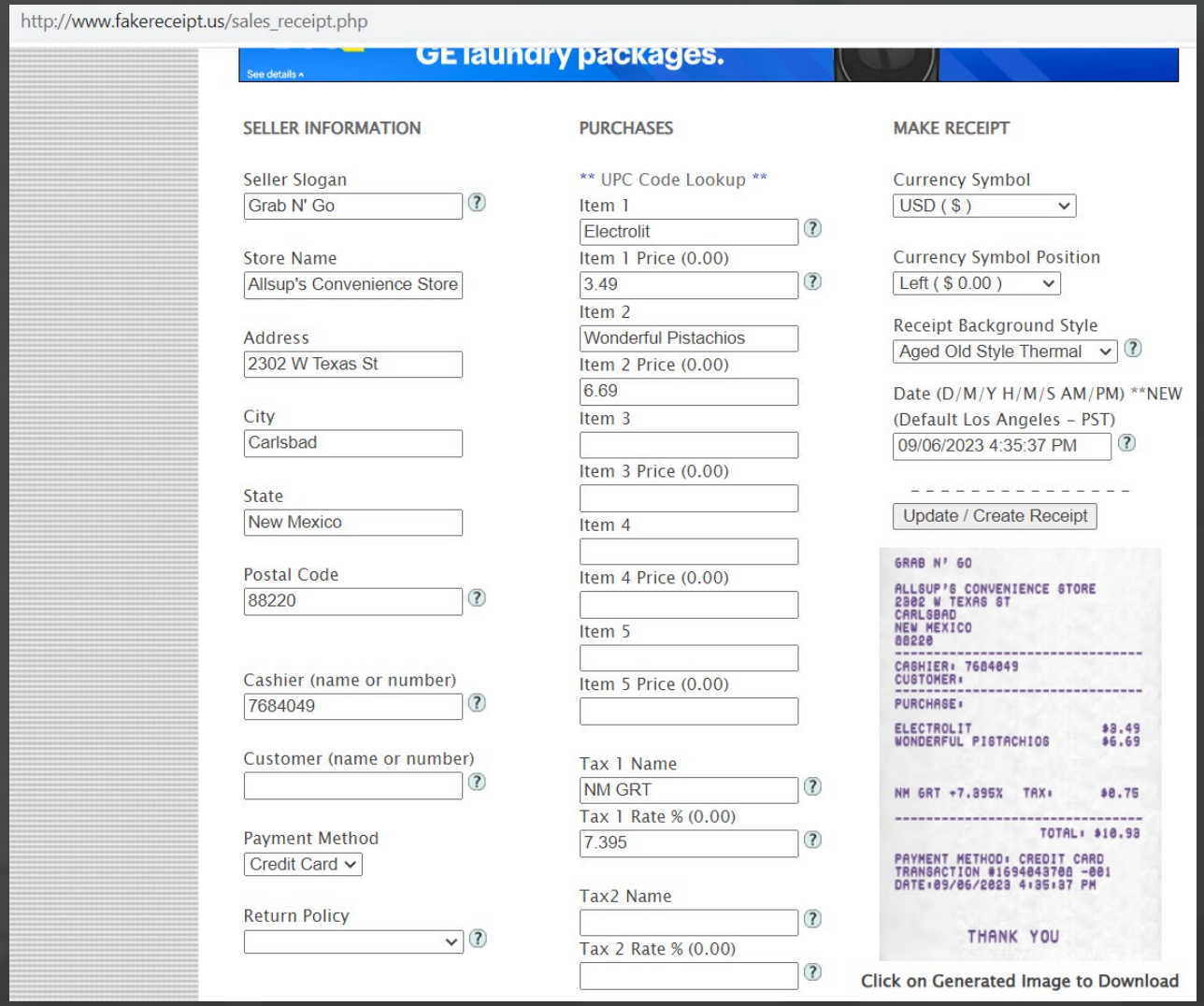


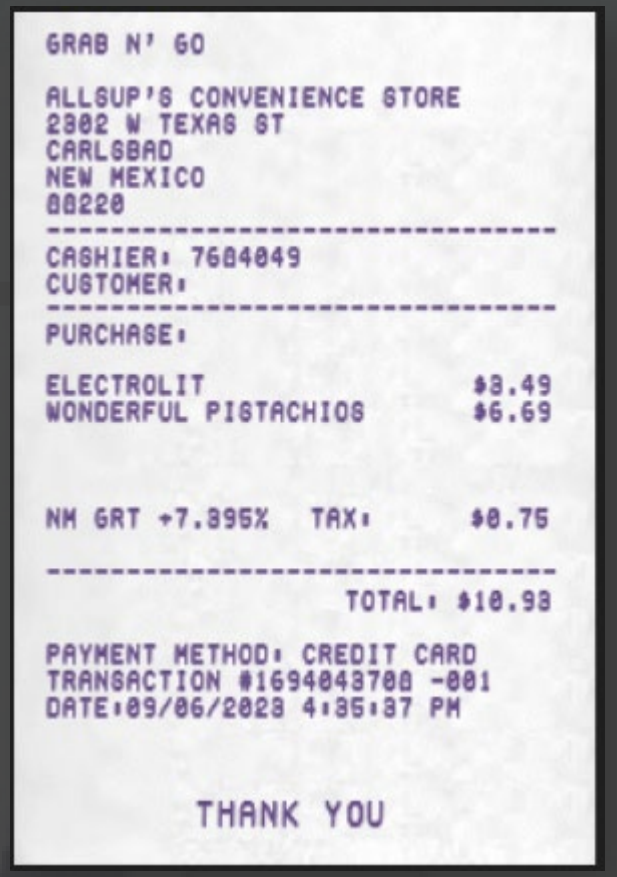
4. Some embezzlers are skilled at covering their tracks employing methods, such as creating fake documents, altering records, or making complex financial transactions to obscure embezzled funds.



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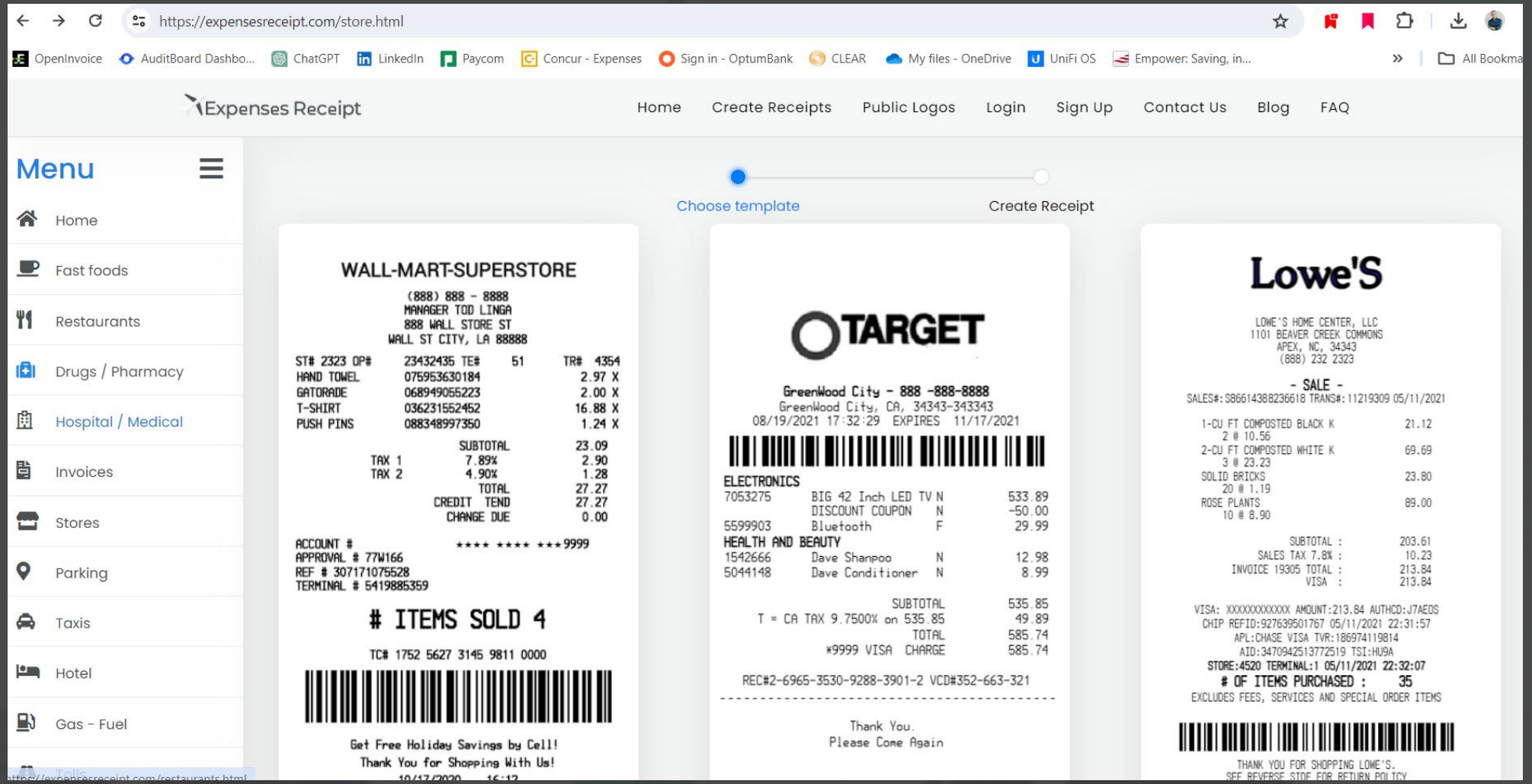
Embezzlement is just that easy.





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Embezzlement is just that easy.



The Embezzlers! Greatest Hits Album





1

Stealing Cash

Simple; cash is pocketed without a transaction.

2

Lapping

Steal a payment, apply a subsequent payment to the previous

3

Payroll Fraud

Add your friend or a ficitious person to payroll; embezzler reaps the reward

4

Kickbacks

Accept money from suppliers at inflated prices.

5

Bogus Expense Report

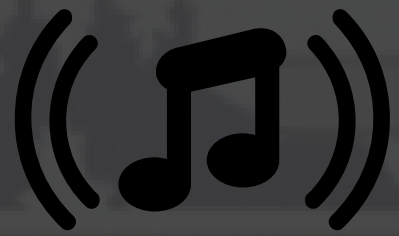
Pad your report or purchase personal items.

6

Fraudulent Vendor Payments

Set up a fake vendor with your address/bank account.





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What are some types of vendor fraud?

Work with someone sitting next to you. List five types of vendor fraud. How would you define this vendor fraud scheme?



Bid Rigging

Definition: Collusion among vendors to manipulate the bidding process to ensure a particular vendor wins a contract at an inflated price.



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Vendor Fraud Schemes



Bid Rigging

Collusion among vendors to manipulate the bidding process to ensure a particular vendor wins a contract at an inflated price.



Kickbacks and Bribery

Vendors might offer bribes or kickbacks to employees involved in the procurement process in exchange for preferential treatment or inflated contracts.



Overbilling and False Invoicing

Vendors may submit invoices for higher quantities or more expensive goods and services than were actually delivered.



Ghost Vendors

Creation of fake vendors or suppliers to bill for goods or services that were never delivered.



Substandard Products and Services

Vendors provide products or services of lower quality than agreed upon, often resulting in losses for the purchasing organization.



Invoice Phishing

Sending fraudulent invoices that mimic legitimate vendors, tricking organizations into making payments to the wrong accounts.



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Why is vendor fraud difficult to identify?



Disruptions to the economy, such as financial downturns or pandemics, allow fraudsters to exploit the Procure to Pay process.



In larger organizations with numerous suppliers, tracking transactions and payments can be complex; fraudulent activities may get lost in the vast number of legitimate transactions.



Fraudulent vendors may collude with employees within the organization who have insider knowledge of the company's processes and systems.

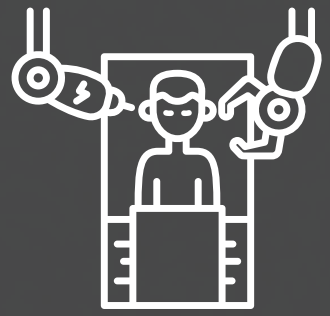


Employees may hesitate to scrutinize vendors for fear of damaging relationships or losing a reliable source of goods or services.



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How do fraudsters legitimize vendor schemes?



Creation of Fictitious Vendors

Create entirely fictitious vendors or suppliers on paper. Choose names and details that appear plausible to avoid raising suspicion. Provide business names, addresses, contact information, and even fake websites in some cases.



Knowledge of Procurement Processes

Possess an intimate understanding of the organization's procurement processes. Use knowledge to exploit weaknesses in the system.



Collusion with Vendors

Employees conspire with vendors. The vendor submits inflated invoices, and the excess payment is then split between the fraudster and the vendor



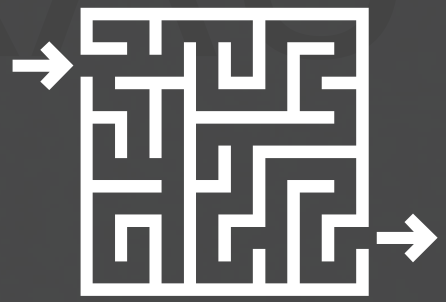
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How do fraudsters legitimize vendor schemes?



Fabricated Documents

Fabricate invoices and purchase orders. Fake goods or services, along with inflated prices.



Channel Funds Undetected

With fake vendor profiles, able to initiate payments to fictitious entities. Funnel monies to own accounts or accounts they own.

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Part III

Case Study

"Anyone who thinks money is ever 'just money' couldn't have much of it."

— ***Quiz Show*** **(1994)**

Oregon Health Authority

- Govt agency – oversees most of the state's health-related programs, e.g. behavior health
- Mission – help Oregonians achieve optimum physical, mental, and social well-being
- Federal Spend - oversee investment of $1.9B
- COVID Programs – received $500MM in federal spending
- Employees – ~5,000

The Vaccination Line



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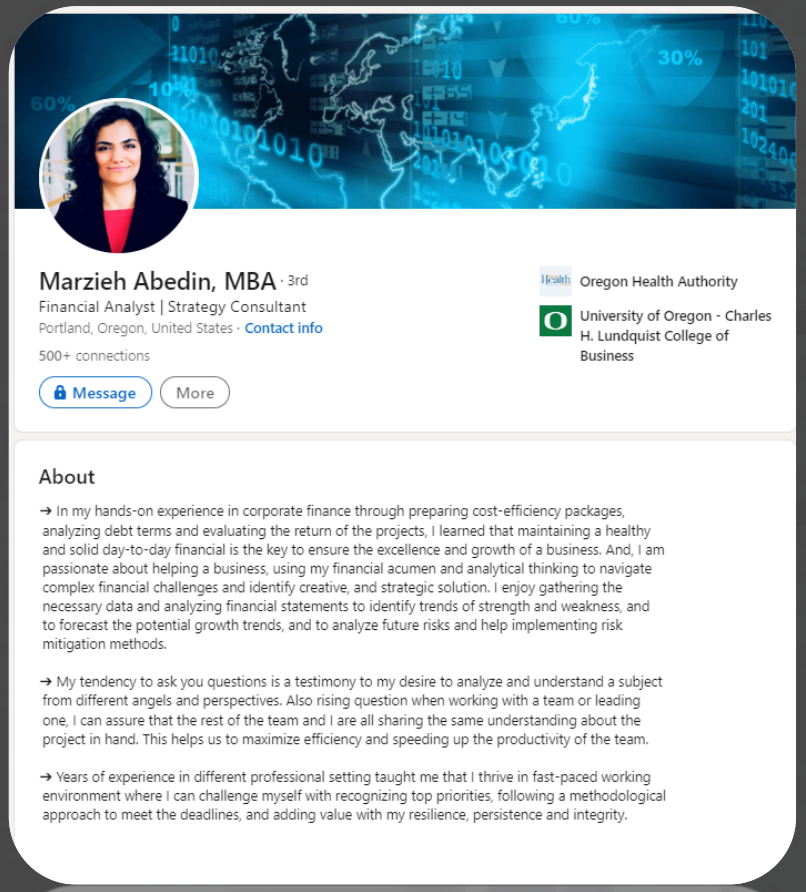
The OHA Vaccination Program

Oregon, like many states, opened up vaccination sites. The OHA coordinated these vaccination centers.

Multnomah Greyhound Park
Dec. 5 through Dec. 11, 10 a.m. to 5 p.m.
Baker County Fairgrounds
Dec. 12 through Dec. 14, 10 a.m. to 5 p.m.
Pacific University
Dec. 11 through Dec. 14, 10 a.m. to 5 p.m.
Clackamas County, Abundant Life Church
Dec. 12 through Dec. 14, 10 a.m. to 5 p.m.
Late start on Dec. 12, 1 p.m. to 5 p.m.
Jackson County Expo Center
Every Monday through Thursday, noon to 7 p.m.
Sundays 11 a.m. to 4 p.m.
Sundays in December, family fun clinic, 11 a.m. to 4 p.m.

Multnomah County, Gresham – Winter Wonderland
Mondays through Saturday, noon to 7 p.m.
Sundays 11 a.m. to 4 p.m.
Tektronix, Beaverton
Monday through Saturday, noon to 7 p.m.
Sundays, 11 a.m. to 4 p.m.
Marion County, Oregon Health Authority Warehouse, 3455 Aumsville Hwy SE, Salem
Beginning Dec. 6:
Every Monday through Saturday, noon to 7 p.m.
Sundays 11 a.m. to 4 p.m.
Columbia County Fairgrounds
Dec. 6 through Dec. 10, 10 a.m. to 5 p.m.
Union County, Union County Fairgrounds
Dec. 5 through Dec. 10, 10 a.m. to 5 p.m.

Who is Marzieh Abedin?



- Hired as a program analyst in its COVID-19 Response and Recovery Unit in 3/21.
- Starting salary of $7,107 a month, (~$85,000/year)
- Assisted with the process of submitting and approving invoices from 12 outside entities related to the FEMA funds
- Payments came from FEMA's COVID-19 funds

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Are There “Pink” Flags We Should Worry About?

Kelly Paxton: *Embezzlement: How to Detect, Prevent, and Investigate Pink-Collar Crime*

Let’s first revisit the definition of white-collar crime. According to the FBI: A nonviolent crime often characterized by deceit or concealment to obtain or avoid losing money or property, or to gain a personal or business advantage.

- 87.3% of administrative assistant roles are held by women
- 87.6% of payroll clerks are women
- 84.6% of bookkeepers are women
- 75.7% of revenue specialists are women
- 75% of accounts payable managers are women

Paxton says pink-collar crime is similar to white-collar, but with a focus on women. Her argument is that women hold unique roles and positions within an organization, allowing them to commit fraud.

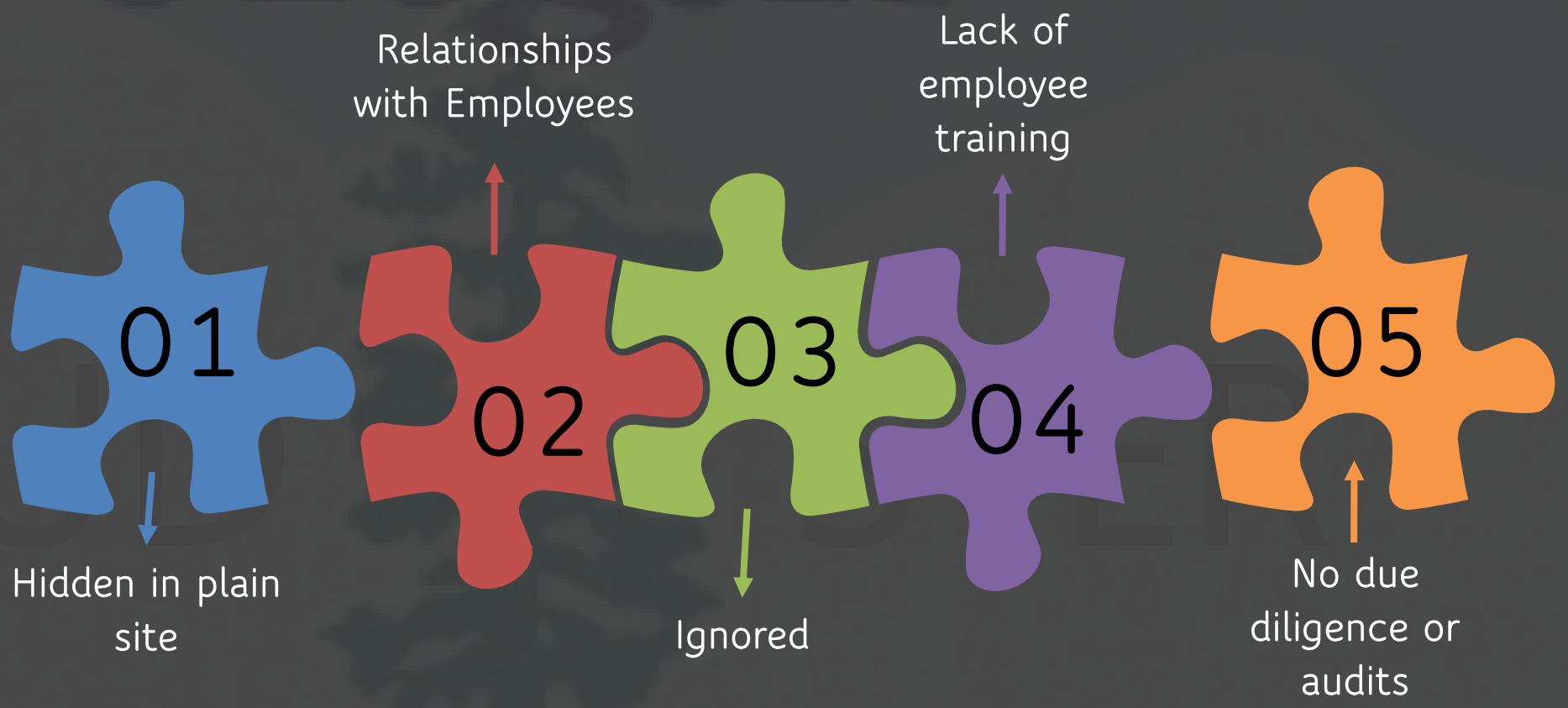
The Scheme Begins



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The Multifaceted Puzzle of Vendor Fraud

While vendor fraud may lack the complexities of other frauds, why is this fraud particularly difficult to *identify and mitigate*?



Identity Theft



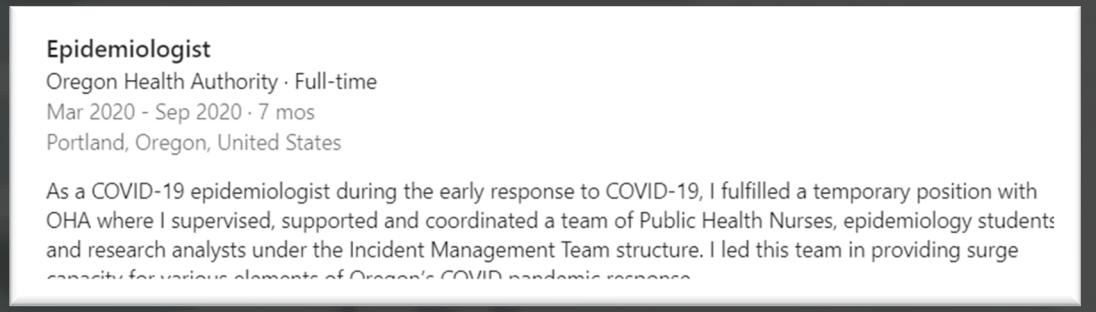
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Marzieh's Schemes

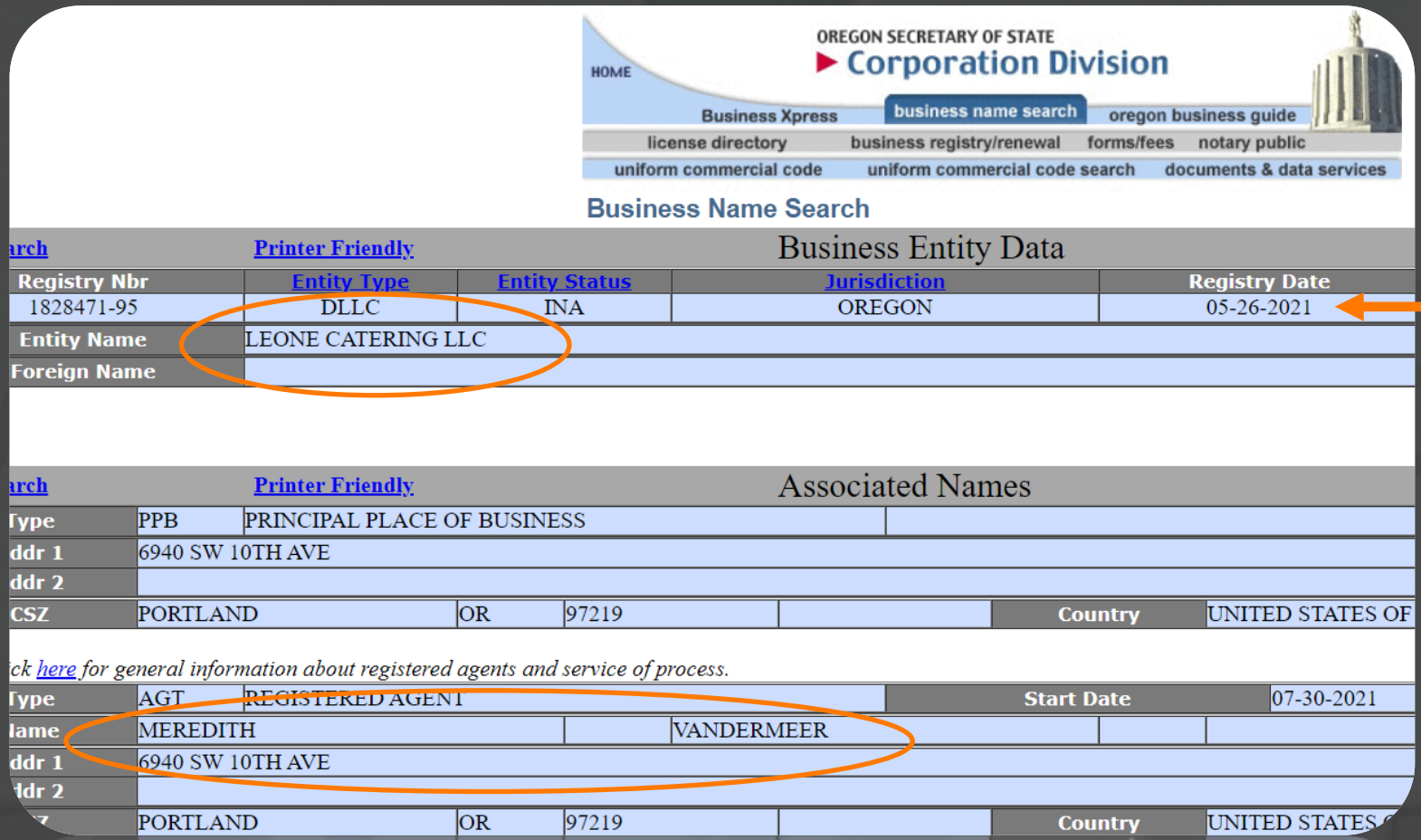
- Stole multiple identities
- Falsified documentation
- Created two false internet domains
- Registered a false business
- Set up false bank accounts

The DOJ said: "she used her position to create fraudulent invoices for a sham company and would then generate fake records of the approval process to authorize payments to the fraudulent bank accounts she opened."





Will the *real* Ms. Vandemeer come forward?



OREGON SECRETARY OF STATE
Corporation Division

HOME | Business Xpress | business name search | oregon business guide | license directory | business registry/renewal | forms/fees | notary public | uniform commercial code | uniform commercial code search | documents & data services

Business Name Search

arch | Printer Friendly

Business Entity Data

Registry Nbr	Entity Type	Entity Status	Jurisdiction	Registry Date
1828471-95	DLLC	INA	OREGON	05-26-2021
Entity Name	LEONE CATERING LLC			
Foreign Name				

arch | Printer Friendly

Associated Names

Type	PPB	PRINCIPAL PLACE OF BUSINESS				
ddr 1	6940 SW 10TH AVE					
ddr 2						
CSZ	PORTLAND	OR	97219		Country	UNITED STATES OF

ck here for general information about registered agents and service of process.

Type	AGT	REGISTERED AGENT			Start Date	07-30-2021
lame	MEREDITH		VANDERMEER			
ddr 1	6940 SW 10TH AVE					
ldr 2						
	PORTLAND	OR	97219		Country	UNITED STATES

May 2021

Will the *real* Ms. Vandemeer come forward?

6940 SW 10th Avenue
Portland, Oregon

So, who do you think lives here?

~~Meredith Vandermeer~~

Marzieh Abedin ✓

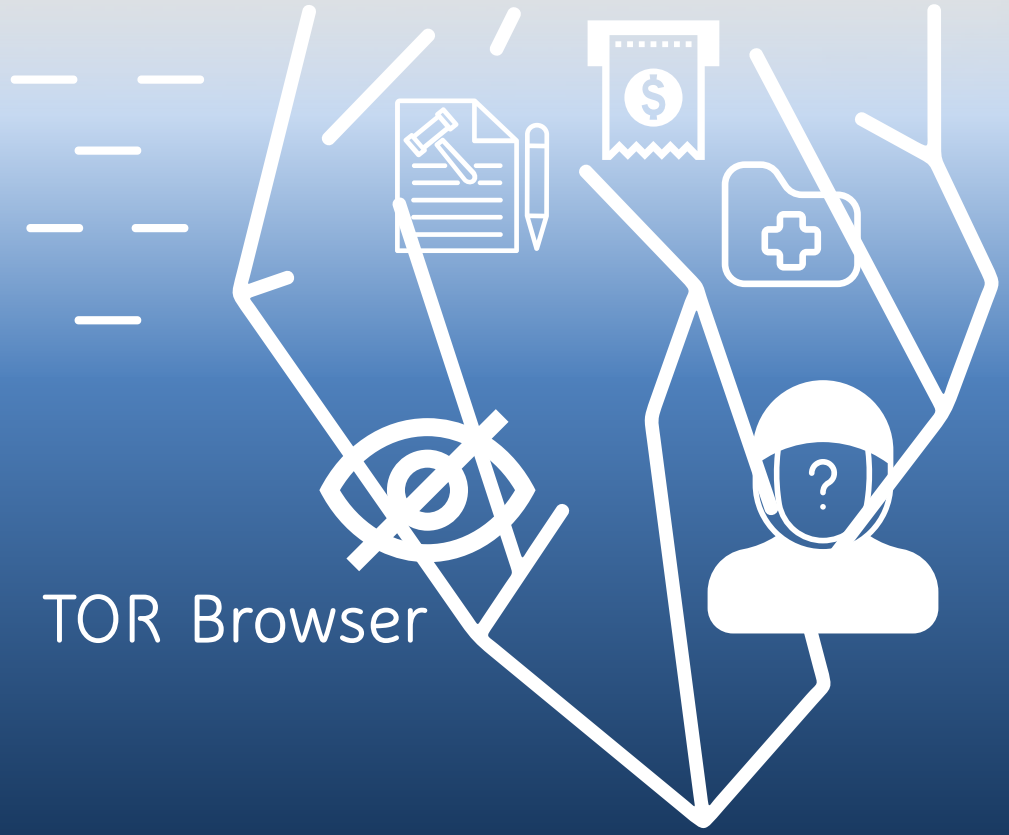


This fraud is brought to you by The Onion Router.



Surface Web

4%



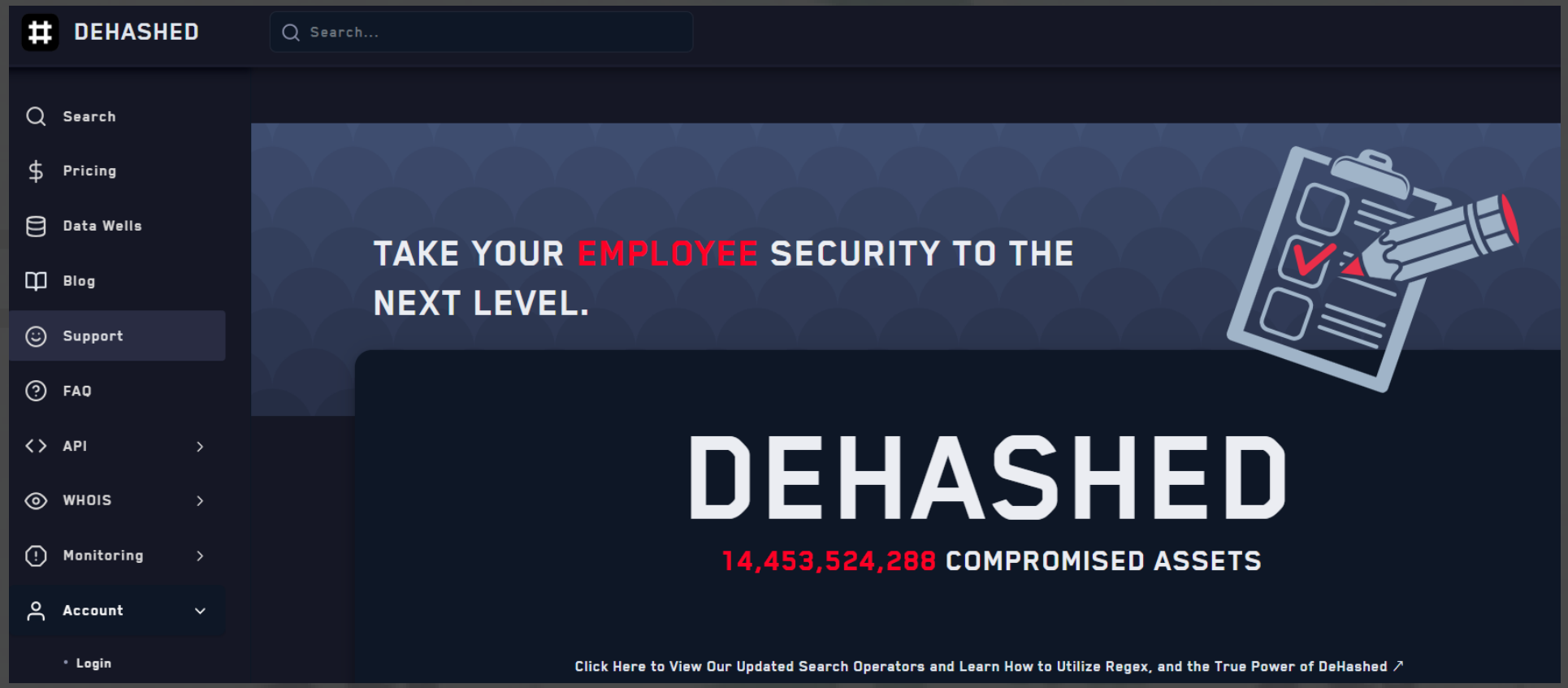
Deep Web

Dark Web

96%

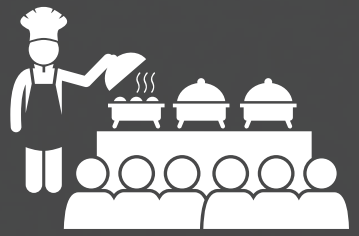
Get Rich Quick

The Dark Web – It's just that easy



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Fake Company Domains



spiccante@leonecatering.com

Fake company, real domain – didn't arouse suspicion



kking@t-bev.org VS. xxxxx@t-bev.com

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Preventing the Shell Company Scheme

What are some ways you might prevent fraudulent shell company schemes? Work with someone next to you.



Preventing the Shell Company Scheme

- Conduct thorough due diligence
- Documentation, documentation, and even more documentation!
- Regularly monitor company activities
- Establish segregation of duties involving the purchasing function.
- Maintain an approved vendor list; independent of the purchasing function
- Train AP and Operations to identify false invoices.
- Conduct vendor audits
- Foster a culture of transparency and ethics

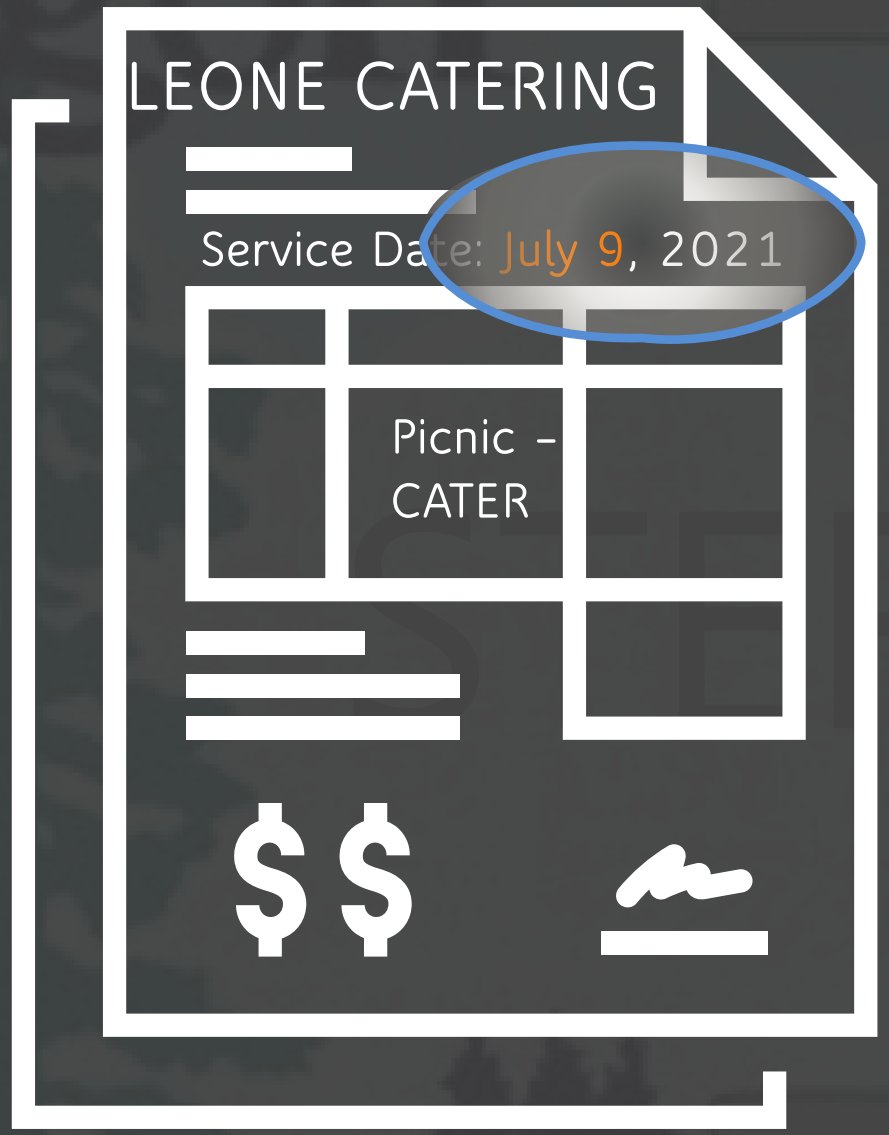


The Discovery



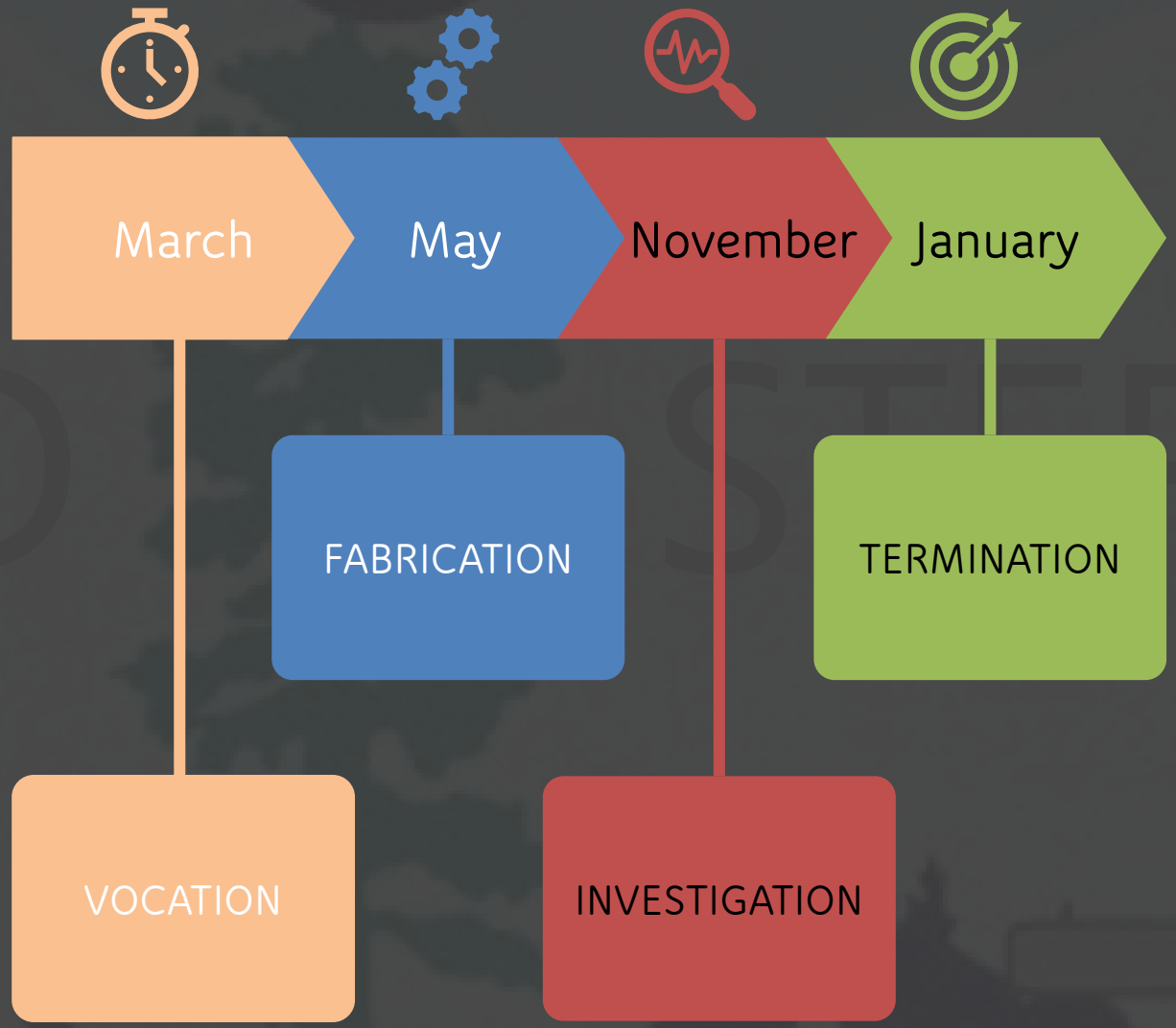
Mismatches


JULY 10, 2021
Let's Vaccinate, Oregon
COMPANY PICNIC!


LEONE CATERING
Service Date: July 9, 2021
Picnic – CATER
$ $

Right from the Start

2021 – 2022
Timeline



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The Investigation



The Indictment



Fallout

- Embezzled ~$1.5MM
- State judge issued a warrant for her arrest.
- 21 Count Indictment: Theft, forgery, Identity Theft, Aggravated Theft, Aggravated Identity Theft, Computer Crime, and Official Misconduct
- The indictment accused her of stealing the identity of five people
- Vandemeer was unaware that her identity had been stolen.
- Abedin fled the country.
- Investigators were able to recover all but $6,800



Part IV

Avoiding These Pitfalls

“Two little mice fell in a bucket of cream. The first mouse quickly gave up and drowned. The second mouse wouldn’t quit. He struggled so hard that eventually he churned that cream into butter and crawled out. Gentlemen, as of this moment, I am that second mouse.”

— Catch Me If You Can (2002)

What Are the Warning Signs of Fraud?
2024 *Occupational Fraud: A Report to the Nations*



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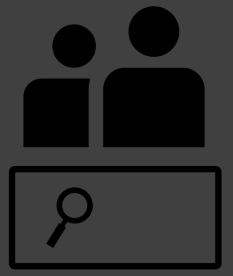
Best Practices for Vendor Oversight

Conduct background checks



Focus on financial responsibilities. Regularly monitor employee activities to detect unusual patterns or behavior.

Review a vendor's background before signing a contract



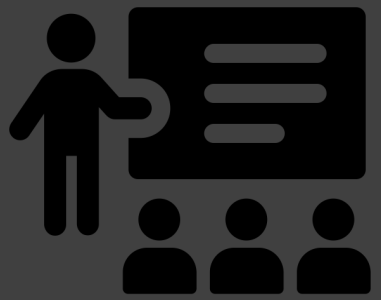
A vendor due diligence process is an absolute must.

Implement fraud detection software



Solution needed to monitor financial transactions for suspicious activities.

Train employees to recognize these issues



Perform periodic training for <u>all</u> employees on recognizing and avoiding conflicts of interest, identifying vendor fraud, and creating and maintaining an ethical organization.

Implement a robust vendor audit program



Conduct routine vendor audits to ensure goods and services have been received and validate invoice amounts.



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Vendor Audit Basics



How do you implement a robust vendor audit program in five steps?

Step 1: Define the Audit Scope and Objectives

- Establish the scope of the vendor audit program by determining which vendors will be audited and the frequency of audits. Consider factors like vendor criticality, transaction volume, and previous audit results.
- Identify specific objectives, such as compliance verification, fraud detection, quality assurance, and risk assessment.

Step 2: Develop a Comprehensive Audit Plan

Create a Detailed Audit Plan: Outline the components of the audit plan and the audit team's responsibilities. Determine the necessary documentation and resources, and set the audit timeline.

Vendor Audit Basics

Step 3: Establish Communication Channels with Vendors

- Set up clear communication channels with vendors to explain the audit program's purpose, scope, and expectations. This fosters cooperation and helps mitigate resistance.

- Provide vendors with advance notice of upcoming audits and specify the required documentation to ensure a smooth process.

Step 4: Conduct the Audit and Analyze Results

- Implement the audit plan, gathering relevant data from the vendor, such as financial statements, contracts, and quality reports. Use appropriate audit techniques to examine the data for irregularities or compliance issues.

- Analyze the results to identify any discrepancies, signs of fraud, or areas for improvement. Document all findings and maintain a clear audit trail.



Vendor Audit Basics

Step 5: Report Findings and Implement Corrective Actions

- After completing the audit, prepare a comprehensive report detailing the findings, including areas of non-compliance, fraud risks, and quality concerns.

- Work with the vendor to implement corrective actions, such as updating internal controls, revising contracts, or providing additional training.

- Establish a follow-up process to ensure that corrective actions are implemented and sustained over time.



Part V

AI Primer

"Generative AI is the closest we have come to a mirror reflecting the breadth of human creativity, transforming our ideas into reality across any canvas we imagine.“

— ChatGPT

AI Basics



What is AI?

- Simulation of human intelligence processes by machines, especially computer systems.
- Processes include:
  - “learning”: the acquisition of information and rules for using the information”
  - “reasoning”: “using rules to reach approximate or definite conclusions), and self-correction”



Historical Context

- “AI Winter” – 70s and 80s, expectations exceeded technology; reduced funding and interest
- Resurgence with Machine Learning – 90s and 00s, increase in computational power and large datasets
- “Deep Learning – 10s, improved performance in image and speech recognition tasks and development of “natural language processing” (computers understand, interpret, and generate human language)



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AI Basics

What is *Generative* AI?

- Subset of AI
- Designed to create new content, ranging from text, images, music, and complex data patterns
- G-AI learns the underlying patterns and features and produces new, original outputs.



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What is Generative AI?

Definition: Generative AI mimics an apprentice, learning from extensive data to create original content.

How It Works:
Learning from Data: Absorbs vast amounts of data (images, texts, sounds) to understand patterns.

Creating Content: Produces new, unique items based on mastered data patterns.

Applications:
Art and Design: Creates new artworks and photo edits.
Music Creation: Composes music in various genres.
Text Generation: Generates coherent narratives, articles, and code.
Data Analysis: Predicts trends, identifies patterns, and generates synthetic data for testing and training, useful especially when real data is incomplete or sensitive.



Data Analysis Basics



What types of data analysis can it perform?

- **Trend Analysis:** Analyze payment trends over time to identify any consistent patterns, seasonal effects, or irregular spikes in payment activities.
- **Anomaly Detection: I**dentify outliers or anomalies in payment amounts or frequencies. (“Any vendors I should be concerned with?”)
- **Vendor Comparison:** Compare payment histories across vendors to identify discrepancies or anomalies.
- **Categorization and Clustering:** Group payments into categories based on their characteristics (e.g., amount, frequency, purpose) using clustering techniques.
- **Text Analysis:** If descriptions or notes accompany payments, text analysis or natural language processing can be applied to categorize payments, identify commonalities, or flag unusual descriptions that may not align with known vendor services.
- **Compliance Checks**: Compare payment data against compliance rules or guidelines to ensure that all payments meet regulatory requirements, contractual agreements, and internal policies.
- **Duplicate Payment Detection:** Identify duplicate payments or invoices by comparing transaction details.



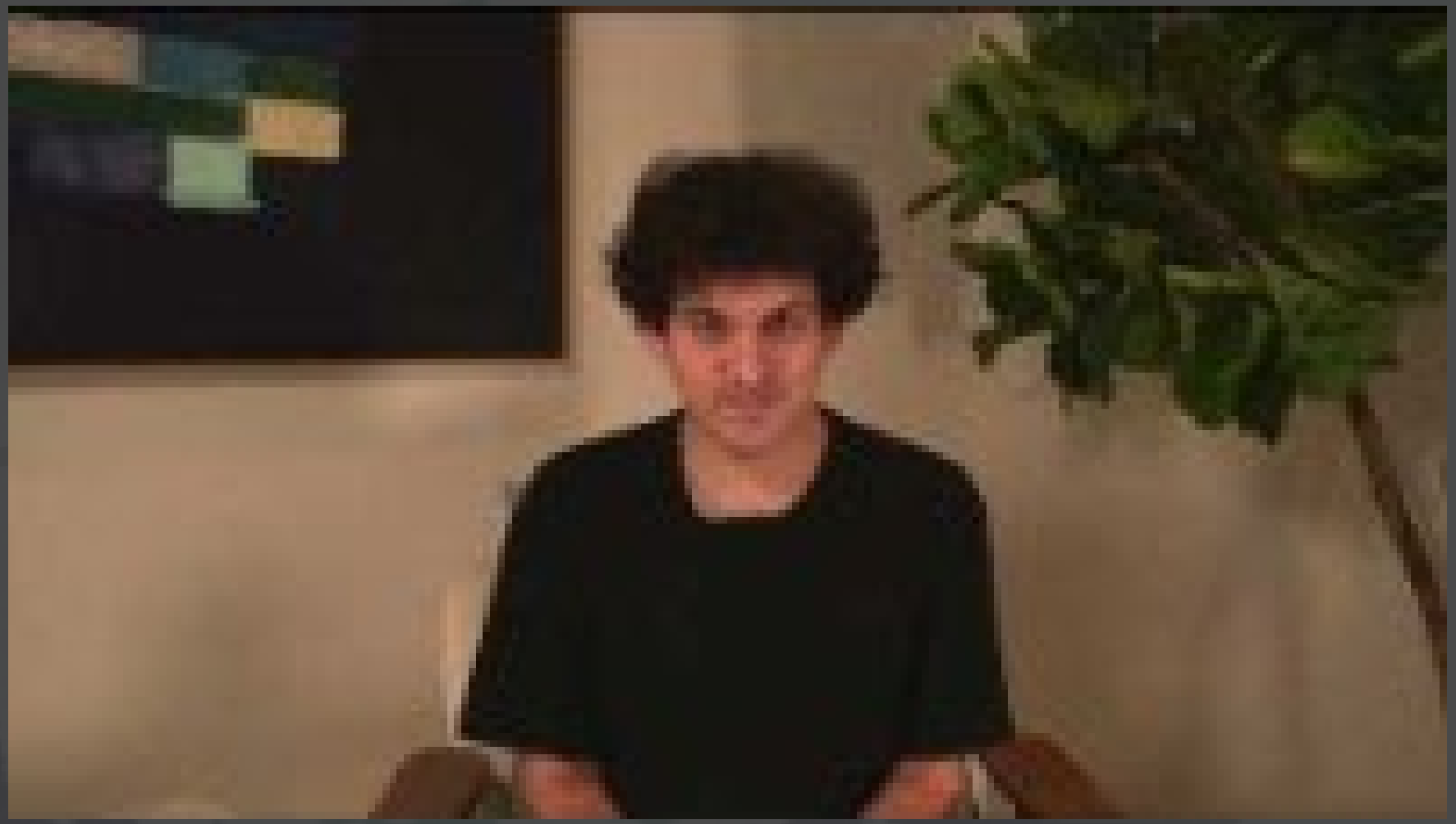
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From the horse's mouth…

Andrew Ross Sorkin (CNBC) interviewed Sam Bankman-Fried on 11/30/22 at the New York Times DealBook Summit. It was the last interview of the day. SBF was called in from The Bahamas.

The interview was not a good idea after all.

Let's analyze the first part of the interview. Is SBF lying? What words or phrases may indicate he was being deceptive? Explain why.



Interview Analysis

"Hey, what types of questions could I ask you if I uploaded a transcript between a fraud investigator and suspected fraudster?"



1. Content Summary: Can you provide a summary of the main points discussed in the transcript?

2. Behavioral Indicators: Are there any linguistic or behavioral indicators of deception in the responses of the suspected fraudster?

3. Question Analysis: What types of questions does the fraud investigator use (e.g., open-ended, closed-ended, leading) and how effective are they in eliciting information?

4. Communication Techniques: What communication techniques does the fraud investigator use to build rapport, manage the conversation, or pressure the suspect?

5. Consistency Checks: Are there any inconsistencies in the suspect's story that could indicate dishonesty or fraud?

6. Emotional Analysis: Can you identify any emotional cues in the suspect's responses that may indicate stress, fear, or guilt?

7. Keywords and Phrases: What are the key phrases or terminology used by the suspect that could be relevant to the investigation?

8. Ethical Considerations: Are there any ethical concerns evident in the interaction between the investigator and the suspect?

9. Linguistic Patterns: Are there specific linguistic patterns or speech characteristics that suggest the suspect is evading questions or providing rehearsed answers?



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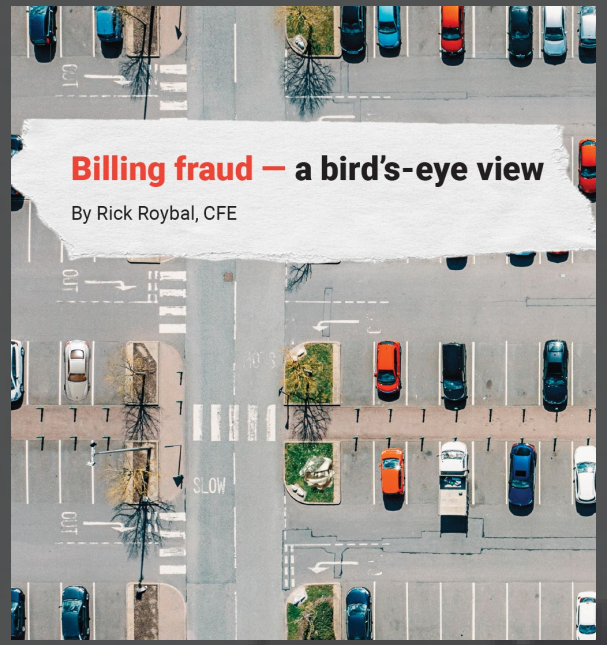
Conclusion

- Embezzlement and vendor fraud are serious! These frauds can have damaging consequences for individuals and organizations.
- Promoting a culture of transparency, accountability, and ethical behavior to reduce the risk of embezzlement and vendor fraud.
- Implementing robust internal controls, conducting regular audits, and foster open communication can go a long way in protecting our finances and assets.
- Make third-party risk a first-party priority!
- Connect with me on LinkedIn





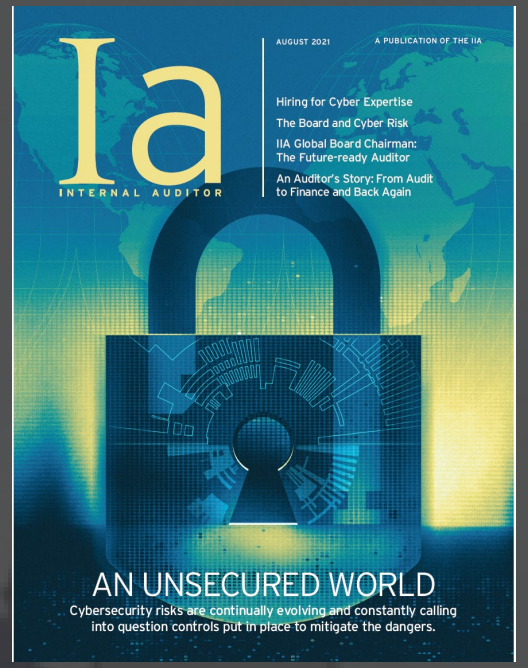
Read more about it !







Fraud Magazine January/February, a publication of the Association of Certified Fraud Examiners Austin, TX ©2020



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